



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
1250 H Street, NW Washington, DC 20005

June 16, 2000

Dear Thrift Savings Plan Participant:

When I wrote you in January concerning the need to delay the implementation of the new TSP record keeping system until October 1, 2000, to allow time for its thorough testing, I was relying upon assurances from the Board's contractor, American Management Systems, Inc. (AMS), that the new implementation date would allow adequate time for such testing and that implementation by that date could therefore be achieved with relative certainty.

However, in the period since January, AMS has not made sufficient progress in testing the system and in fixing numerous software defects disclosed by the testing to date. AMS has therefore advised the Board that an October 1 implementation date would involve significant risks for the successful operation of the new system.

While we could nevertheless attempt to implement the new system on October 1, we have concluded that it would not be prudent to do so. Although the new system will provide additional benefits, such as two new investment funds, daily processing, and the capability to accept balances from other plans (subject to the passage of H.R. 208, which I described to you in January), it is not required in order to process core TSP functions. In that regard, our current system can remain operational indefinitely. The Board therefore believes that it would not make sense to jeopardize the longstanding financial and functional integrity of the TSP by attempting implementation of the new system on October 1. We will not bring the new system on-line until AMS can advise us, and we can verify, that the risks to its functioning correctly have been eliminated.

Although AMS has suggested a spring 2001 implementation date, we believe at this juncture that it would be premature to set a new date until AMS completes testing of the system and reports to the Board that all significant software defects it has discovered have either been fixed or can be resolved in a predictable amount of time. When AMS does so — an objective we have insisted that it pursue with maximum management attention and corporate effort — we will provide you with detailed information about the new implementation date and the functionality that will be available with the new system. We do not want to experience, nor do we want you to experience, another missed commitment. In addition, we will be posting information about progress toward completion of the new system monthly on the Board's Web site, www.tsp.gov.

I am personally very disappointed by this development, and I regret any inconvenience it may cause you.

Sincerely,

Roger W. Mehle
Executive Director